

**BEFORE THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2015-264-G

In the Matter of:)	
)	
Petition of Piedmont Natural)	PETITION
Gas Company, Inc. for Approval)	
of a Compressed Natural Gas)	
Fuel Purchase Agreement)	
)	

Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”), through counsel, hereby requests approval by the Public Service Commission of South Carolina (“Commission”) of a Compressed Natural Gas Fuel Services Termination Agreement (“Termination Agreement”) and of a new Compressed Natural Gas Fuel Purchase Agreement (“New Agreement”) between Piedmont and J-Rayl Transport, Inc. (“J-Rayl” or the “Customer”). In support of its Petition, Piedmont respectfully shows unto the Commission as follows:

1. It is respectfully requested that any notices or other communications with respect to this Petition be sent to:

Jasmine K. Gardner
James H. Jeffries IV
McGuireWoods LLP
201 North Tryon Street, Suite 3000
Charlotte, North Carolina 28202
Telephone: (704) 343-2262

2. Piedmont is a subsidiary of Duke Energy Corporation and is engaged in the business of transporting, distributing and selling natural gas in the states of South Carolina, North Carolina and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in South Carolina are subject to the jurisdiction of this Commission.

3. On August 12, 2015, in this docket, the Commission approved a Compressed Natural Gas Fuel Purchase Agreement (“Original Agreement”) between Piedmont and J-Rayl

which provided compressed natural gas (“CNG”) fuel purchase services to the Customer under Piedmont’s Rate Schedule 242. The Original Agreement contained a rebate provision which calculated, on a quarterly basis, the per gallon of gasoline equivalent (“GGE”) usage by Customer and applied that usage to a specific rebate percentage contingent upon achievement of certain minimum level of usage agreed to in the Original Agreement.

4. This form of rebate calculation was common to several CNG Purchase Agreements between Piedmont and its CNG customers which have been approved by this Commission. The rebate payments under these agreements were all based on the same matrix rebate structure which provided increasing rebates with higher levels of CNG purchases. The structures of the contracts themselves, however, established a threshold level of usage based upon Customer projections below which no rebates were granted (even though lower levels of usage might otherwise qualify for rebates under the common rebate matrix Piedmont was utilizing to negotiate these agreements).

5. In the fleet vehicle fueling market, it is usual and customary for fleet operators to receive volume discounts or rebate contracts with fuel suppliers in order to reduce fueling costs. Customer expectations of such volume discounts or rebates have carried over from the gasoline and diesel markets to the CNG market where Piedmont is expected to provide such discount or rebate agreements in order to secure fleet fueling commitments.

6. After several years of experience with these forms of agreement, Piedmont reached the conclusion that its CNG purchase agreements were somewhat inconsistent with its common rebate matrix for CNG fuel purchases. Specifically, because rebates in its purchase agreements were keyed to a specific minimum level of projected usage, customers who failed to

achieve that level of usage were receiving no rebates when they might otherwise qualify for some reduced level of rebates under its common rebate matrix.

7. Piedmont has recently renegotiated new agreements with its CNG customers that allow customers to qualify for rebates across a small tiered matrix of usage set out in Piedmont's standard CNG rebate matrix and this tiered matrix is based on the customers anticipated usage. CNG customers will be treated in a similar manner for purposes of qualifying for and receiving rebates depending on their anticipated usage in the matrix. As part of this process Piedmont and its CNG customers also have entered into agreements to terminate the old CNG purchase agreements.

8. Attached hereto as Exhibits A and B are new agreements between Piedmont and J-Rayl which terminate the Original Agreement for CNG purchases between those entities and which adopt the new broader, and in Piedmont's view, fairer rebate matrix for CNG purchases by J-Rayl. A table illustrating the revised rebate methodology is attached to the New Agreement as Appendix B. Piedmont considers the material terms of the Termination Agreement and the New Agreement to be the confidential and proprietary trade secrets of Piedmont and hereby designates them as such and requests that they be treated in a manner consistent with this designation.

9. Piedmont respectfully requests approval of the Termination Agreement and the New Agreement attached hereto to be effective in accordance with their terms.

WHEREFORE, Piedmont Natural Gas Company, Inc., respectfully requests that the Commission approve, to be effective in accordance with their terms, the Termination Agreement and the New Agreement by and between Piedmont and J-Rayl attached hereto.

Respectfully submitted this 17th day of July, 2018.

Piedmont Natural Gas Company, Inc.

/s/ Jasmine K. Gardner
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